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IN THE

Supreme Court of the United States

October Term 1927.

No. 194.

BARBER ASPHALT PAVING COMPANY,
Petitioner,

against

STANDARD ASPHALT & RUBBER COMPANY,
Respondent.

BRIEF FOR PETITIONER.

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IN THE

Supreme Court of the United States

October Term 1927.

BARBER ASPHALT PAVING COMPANY, Petitioner, against STANDARD ASPHALT & RUBBER COMPANY, Respondent.	No. 194.

BRIEF FOR PETITIONER.

This cause comes before the Court upon Writ of Certiorari to the United States Circuit Court of Appeals for the Seventh Circuit granted April 18, 1927. By its order granting the said writ and assigning the cause for argument (filed April 25, 1927), this Court limited the questions to be heard at this time, as will hereinafter appear in the Statement of the Case.

Opinion Below.

The opinion of the said Circuit Court of Appeals is reported in 16 Fed. (2nd), 751.

The judgment to be reviewed is dated December 13, 1926 (R. 75).

Jurisdiction of the Court.

This Court has jurisdiction of the above entitled cause under United States Code, Sec. 347 (former Judicial Code, Sec. 240).

Page references to the Record in this Brief are to the "Designated Transcript of Record" prepared in accordance with petitioner's motion of May 16, 1927, and respondent's answer thereto.

Statement of the Case.

The petitioner Barber Asphalt Paving Company is a Corporation of the State of West Virginia, having its principal office in the City of Philadelphia, State of Pennsylvania.

The suit in which the decree to be reviewed was rendered was brought by the respondent against the petitioner in the District Court of the United States for the Southern District of Illinois, for the infringement of United States Letters Patent Nos. 635,429 and 635,430. The District Court (Judge Humphrey presiding) entered a decree finding infringement and ordering an accounting before a Master (R. 16). Judge Humphrey died before the accounting was concluded.

As the result of the accounting before the Master a final decree was entered by said Court (Judge FitzHenry presiding) on April 30, 1924, awarding respondent the sum of $650,044.83 with interest from January 6, 1921 (R. 40). Petitioner duly appealed to the Circuit Court of Appeals for the Seventh Circuit, which appeal was allowed July 1, 1924 (R. 41). The record on appeal was, on Petitioner's motion, returned to the District Court for correction (R. 58-65). On March 30, 1926, the District Court entered an order directing "that all the testimony in this cause be reproduced in the exact words of the witnesses and not in narrative form"; and further ordering that the said statement of evidence as incorporated in the transcript of the record be "hereby approved as a true, complete and properly prepared statement of the evidence" (R. 48-50).

Upon the record as so corrected and authenticated the said cause came on for argument on October 6, 1926, before the Honorable Evan A. Evans, George T. Page and Albert B. Anderson, and was fully argued upon the merits and taken under advisement by the Court (R. 68).

On December 13, 1926, the United States Circuit Court of Appeals for the Seventh Circuit handed down an opinion affirming the decree below upon the sole ground that there

had been a failure to comply with Equity Rule No. 75 (b) in that the evidence included in the Record had not been stated in narrative form, but had been set forth in full, and that the District Judge had no power to make the order of March 30, 1926, referred to above, directing that such evidence should be reproduced in the words of the witnesses and not in narrative form (R. 68-75).

Petitioner thereupon (December 31, 1926) moved for a rehearing (R. 77) and also specifically moved for an opportunity to amend the record in accordance with the Court's interpretation of the rule as enounced in its said opinion (R. 119-120). Said motions were denied January 24, 1927 (R. 196).

On April 11, 1927, petitioner presented its petition to this Court for a writ of certiorari to review said decision and order of the Circuit Court of Appeals. At the same time petitioner applied to this Court for leave to file a petition for a writ of mandamus directed to the Judges of the said United States Circuit Court of Appeals for the Seventh Circuit and to the said Court, commanding them to set aside the order entered upon said opinion of said Court, delivered December 13, 1926, and to proceed to give judgment upon the Record and argument had before the Court; or, in the alternative, to vacate and set aside the denial of petitioner's said petition and motion of December 31, 1926, and to grant the same.

On April 18, 1927, this Court granted the said petition for certiorari (U. S. Sup. Ct. Rep., 71 L. Ed. 744), and on April 25, 1927, made and filed its order advancing this cause and assigning it for argument, solely upon the question of the action of the Court below in so far as it dismissed the appeal because the Transcript of Record did not comply with Equity Rule 75. At the same time it denied the application for leave to file a petition for mandamus.

As this Court by its said order of April 25, 1927, has treated the action of the Court below as a dismissal of the

appeal, we shall do the same. In terms, the U. S. Circuit Court of Appeals for the Seventh Circuit affirmed the decree of the District Court on the ground that there was no evidence properly before it. It may be questioned whether a decree upon the merits can be affirmed without consideration of the record. But, as the action of the Court of Appeals was tantamount to a dismissal of the appeal, it is here treated as though the order had been in such form.

Points Upon Which Petitioner Intends to Rely.

This court by order dated April 25, 1927, has directed that this case be heard only upon the question of the action of the Circuit Court of Appeals in so far as it dismissed the appeal because the Transcript of Record did not comply with Equity Rule 75.

Petitioner urges that the Circuit Court of Appeals erred in refusing to consider the merits of the cause and *affirming the decree* of the court below (or in effect dismissing the appeal) upon the sole ground that no evidence was properly before the Circuit Court of Appeals; and that such action was erroneous because:

I. Section 865 of Title 28 of the United States Code (Act of Feb. 13, 1911; 36 Stat. 901) provides that on appeal from a District Court to a Circuit Court of Appeals the condensation of the record of the District Court shall be governed by the Rules of the Circuit Court of Appeals, all of which rules were complied with in this case.

II. The Judge of the District Court has certified that the record in this case as presented to the Circuit Court of Appeals is "true, complete and properly prepared" (R. 49-50), in view of which certificate the Appellate Court should not have held that no evidence was properly before it.

III. Section 269 of the Judicial Code as amended by Act of Feb. 26, 1919, 40 Stat. 1181 (now U. S. Code, Sec. 391),

requires the Circuit Court of Appeals to give judgment after an examination of the entire record before the court without regard to technical errors, defects or exceptions which do not affect the substantial rights of the parties, and this should have been done.

IV. The District Court in this case ordered that "all the testimony in this cause be reproduced in the exact words of the witnesses and not in narrative form" (R. 49) and the transcript of the record was made up in conformity with this order of the court. If this order was error, it was at most reversible and not irremediable error; and the Circuit Court of Appeals should have granted petitioner's motion for leave to procure from the District Court a record complying with its orders or requirements.

V. The Circuit Court of Appeals should at least have passed upon the issue of plaintiff's title upon which the whole case depended and as to which the evidence was wholly documentary and incapable of being reduced to narrative form.

VI. Assuming that the Circuit Court of Appeals was correct in its interpretation of Equity Rule 75 and that it was within the power of said Court to refuse to consider the merits of the appeal because of a failure to comply with the Rule as so interpreted; nevertheless, in view of all of the surrounding circumstances, the said Circuit Court of Appeals failed in this case to exercise a sound discretion in refusing to afford Petitioner the opportunity to comply with Equity Rule 75, for which Petitioner asked, as soon as the interpretation placed upon it by the Circuit Court of Appeals was made clear.

POINT I.

Section 865 of Title 28 of the United States Code (Act of February 13, 1911; 36 Stat. 901) provides that on appeal from a District Court to a Circuit Court of Appeals the condensation of the record of the District Court shall be governed by the rules of the Circuit Court of Appeals, all of which rules were complied with in this case.

By Title 28, Sec. 730 of the United States Code, the Supreme Court is given the power to regulate the whole practice to be used in suits in equity by the District Courts, provided such regulation be in a manner *"not inconsistent with any law of the United States"*; but no such power is anywhere given to the Supreme Court to regulate practice in the Circuit Courts of Appeals.

Accordingly, the Equity Rules (including Rule 75) regulate the practice in the District Courts; but so far as Rule 75 relates to a matter (condensation of the record) concerning which Congress has expressly placed the power of regulation in the Circuit Court of Appeals, the Rule must, it is submitted, yield to the Statute.

Title 28, Sec. 865 of the United States Code (quoted below) has expressly delegated to the Circuit Courts of Appeals the right and duty, *by rule*, to regulate what *"part or abstract of the proofs"* shall be incorporated in a transcript of record on appeal from a final decree of a District Court to a United States Circuit Court of Appeals. Therefore, while Equity Rule 75 is self enforcing as to appeals from the District Court directly to the Supreme Court, or as to appeals from interlocutory orders or decrees, it must be promulgated as a rule of a Court of Appeals before it becomes applicable to appeals from a final decree of a District Court to that court.

> "SEC. 865. *Printed transcripts of record on appeal to circuit court of appeals.* In any cause or proceeding

wherein the final judgment or decree is sought to be reviewed on appeal to, or by writ of error from, a United States circuit court of appeals the appellant or plaintiff in error shall cause to be printed under such rules as the lower court shall prescribe, and shall file in the office of the clerk of such circuit court of appeals at least twenty days before the case is called for argument therein, at least twenty-five *printed transcripts of the record* of the lower court, and of *such part or abstract of the proofs as the rules of such circuit court of appeals may require*, and in such *form* as the Supreme Court of the United States shall by rule prescribe, one of which printed transcripts shall be certified under the hand of the clerk of the lower court and under the seal thereof, and shall furnish three copies of such printed transcript to the adverse party at least twenty days before such argument. Either *the court* below or the Circuit Court of Appeals *may order any* original documents or *other evidence to be sent up* in addition to the printed copies of the record or in lieu of printed copies of a part thereof; and no written or typewritten transcript of the record shall be required." (Italics Petitioner's.)

(Act of Feb. 13, 1911, c. 47, §1, 36 Stat. 901.)

This enactment empowers the Circuit Court of Appeals to determine what "part or abstract of the proofs" shall be incorporated in the printed transcript, and this must be by *rule;* but the Court below has the power to send up "other evidence" in addition to the printed copies of the record as condensed or made up under the rules of the Appellate Court.

By Sec. 219 of the United States Code, each Circuit Court of Appeals is given power to "establish all rules and regulations for the conduct of the business of the court within its jurisdiction, as conferred by law."

Pursuant to this power, the United States Circuit Court of Appeals for the Seventh Circuit has promulgated the following rule (14):

"Whenever an appeal is allowed the clerk shall return the original certificate of evidence when signed by the

judge who tried the cause. The clerk may require of the appellant or plaintiff in error a written praecipe stating in detail what the transcript shall contain, and when a praecipe is filed shall insert a copy thereof in the transcript."

This is the only rule of that court on the subject.

Pursuant to the power given to the Supreme Court by Sec. 863 of the United States Code to prescribe by rule the "*form*" of the printed transcripts of the record of the Lower Court, this court has promulgated its Rule 24, headed "Form of Printed Records, Petitions, Briefs, etc."

That this regulation of the "form" of the printed transcript is what this Court believes Congress intended to place in its hands would appear from its opinion in *Rainey* v. *Grace & Co.* (231 U. S. 703, 708). The prescribing of the "*form*" of the printed transcript must be a different matter from *condensing or abstracting the proofs*, for the two matters in question are placed by the statute in different hands.

Therefore it is respectfully submitted that Rule 75 of the present Equity Rules of the Supreme Court, while operative to control the practice of the District Courts in relation to the condensation of records upon appeals direct from those Courts to the Supreme Court, cannot, in accordance with the terms of the statute, become operative upon appeals from a final decree of the District Court to a Circuit Court of Appeals *until the latter Court has by rule promulgated Rule 75 as its own*. In the Sixth Circuit this has been done (Rule 15, 202 Fed. p. ix).

And this is reasonable. Much the greater number of such appeals go no further than the Circuit Court of Appeals, and Congress has therefore recognized that those courts should have the power to control the condensation of records brought before them.

The point which we have thus presented, is one which was presented to the United States Circuit Court of Appeals for the Seventh Circuit, on Jan. 4, 1927, by a committee of the

Chicago Patent Law Association. It is the ground upon which some, at least, of the Circuit Courts of Appeals habitually permit the District Courts to send to them the entire testimony of the witnesses.

Ever since the adoption by this Court of its Equity Rule 75, there has been difference of opinion among the Judges of different Circuit Courts of Appeals as to its application and interpretation, all desiring a proper condensation of the documentary record, but many desiring that the evidence of the witnesses be sent to them "in the exact words of the witnesses".

In the latter Circuits the power given by U. S. Code, Sec. 865, to Circuit Courts of Appeals to prescribe by rule what part of the proofs shall be incorporated in the transcript; or the subsequent clause of said Section 865, which authorizes the Court below to send up "any other evidence"; or the clause of Equity Rule 75 (assuming it to be applicable) which empowers the Court below to direct that "any part of the testimony shall be reproduced in the exact words of the witness", have been, one or other of them, interpreted as conferring power upon the District Court to certify and send to the Circuit Court of Appeals, and upon said Circuit Court of Appeals to receive or require, *all* of the testimony in the words of the witnesses, together with the questions eliciting such testimony.

Accordingly the following practice has resulted.

In the *First Circuit* substantially all records in equity go up on Appeal by order of the District Judge without condensation of the testimony.

In the *Second Circuit* the great majority of the records in equity go up on Appeal without condensation of the testimony.

In the *Third Circuit* substantially all records in equity go up on Appeal without condensation of the testimony. This practice was established as a result of proceedings in the case of *United States* v. *Motion Picture Patents Co., et al.,*

in which the District Judge (230 Fed. 541) had asserted that the District Court had no power to order all of the testimony sent up without condensation. This court permitted the filing of a Mandamus application (Original No. 24 of Oct. Term, 1915, subsequently dismissed 241 U. S. 691), whereupon the District Judge, taking this as his warrant, certified the entire record to the Circuit Court of Appeals (referring as additional authority to *United States* v. *U. S. Steel Corporation*, 240 U. S. 442, which was decided a few weeks after the original opinion of the District Court). The practice thus established has been followed ever since, and has been frequently commended by judges of the Circuit Court of Appeals for the Third Circuit, as corresponding to the wishes of that Court.

In the *Fourth and Fifth Circuits* the testimony of most records in equity is considerably condensed on appeal. This is a consequence of the decisions in the Fifth Circuit in *Roxana Petroleum Co.* v. *Rush*, 295 Fed. 844, and *Buckeye Cotton Oil Co.* v. *Ragland*, 11 Fed. (2nd) 231.

In the *Sixth Circuit* all records in equity on appeal are greatly condensed in accordance with Rule 15 of the said Circuit Court of Appeals and successive decisions interpreting it beginning with *"In re General Equity Rule 75"* (222 Fed. 884).

In the *Seventh Circuit*, until the decision in the instant case, the great majority of records in equity went up on appeal with little or no condensation of the testimony. For fuller statement of the facts and proof see *infra*, pages 21 *et seq.*)

In the *Eighth and Ninth Circuits* the general practice in equity appeals is to take up the complete trial record without condensation of the testimony, usually pursuant to an order of the District Judge. (See affidavits, R. 111 and R. 117. Further affidavits to the same effect but with more detailed information were submitted in the mandamus application referred to at the outset of this brief and are now in the records of this Court.)

Thus, in each of the nine Circuits, in accordance with the spirit of Sec. 865 of the United States Code, the Circuit Court of Appeals for that Circuit has brought about and maintained a substantially uniform practice for its own Circuit, giving it records in the form in which it desires to receive them; although, except in the Sixth Circuit, no Rules of Court have been promulgated to regulate this practice. But it would seem clear that a practice thus established can not be changed except *by Rule* as the Statute requires. The Circuit Court of Appeals for the Seventh Circuit has endeavored in this case to do this by decision, whereas it should have followed its theretofore usually accepted practice and, in the absence of any *Rule* made by it on this subject, should have received the record in this case and passed upon the merits of the Appeal.

POINT II.

The Judge of the District Court has certified that the record in this case as presented to the Circuit Court of Appeals is "true, complete and properly prepared" (R. 49-50), in view of which certificate the Appellate Court should not have held that no evidence was properly before it.

If the Statute which we have cited does not control, then the duty of deciding what the statement of evidence in records on appeal shall contain is definitely imposed by Equity Rules 75 and 76 upon the District Court or judge. Under subdivision (b) of Rule 75, when such statement has been approved by the District Court or Judge, and certified by him to be "true, complete and properly prepared" and filed in the Clerk's office, it becomes a part of the record for the purposes of the appeal. If the Circuit Court of Appeals considers that the evidence is too much or too little condensed, it has power to direct the District Court

to amend the statement by supplemental transcript. But this is the limit of its power, and it cannot treat the certificate of the District Court or judge as a nullity and take the position that there is no evidence before it when the certificate of evidence authenticated in the prescribed manner is in the record.

The fourth sentence of Paragraph (b) of Rule 75 provides:

> "if the statement be true, complete and properly prepared, it shall be approved by the court or judge, and *if it be not true, complete or properly prepared, it shall be made so* under the direction of the court or judge *and shall then be approved.*" (Italics petitioner's.)

It is respectfully insisted that the provision italicised is just as much a part of the Rule as all the other provisions thereof, including that requiring condensation of the Record, and must be given equal effect. It clearly contemplates that the trial court or judge shall rule in the first instance as to what is a "true, complete and properly prepared" statement of the evidence in the particular case. If the Appellate Court disagrees with him as to this, it can send the statement back to be "made so under the direction of the court or judge", but when "made so" "*it shall then be approved*".

This construction, which it is contended is the only reasonable one, has the additional merit that it accords both in letter and spirit with the Amendment to Jud. Code §269 by the Act of February 26, 1919, hereinafter discussed under Point III, *infra*, which expressly prohibits the determination or disposal of appeals on technical errors or defects in the Record, not affecting the substantial rights of the parties.

Rule 76 further supports this position. It expressly declares that: "If, in the transcript, *anything material to either party be omitted by accident or error*, the appellate court, on a proper suggestion or its own motion, may direct that the omission be corrected by a supplemental transcript." (Italics Petitioner's.)

It will be seen that it is not necessary for the appellate court to send back the entire record for the purpose of curing what it considers defects therein. The certificate of evidence is only *part* of the record, and the omission of what the appellate court considers a *proper* certificate can be amended by a supplemental transcript. This can be done at any time, since the District Court does not lose its power to settle the evidence in equity causes because a term has expired, or an appeal been perfected.

In re General Equity Rule 75, 222 Fed. 884;
Struett v. *Hill*, 269 Fed. 247;
Sussex Land & Live Stock Co. v. *Midwest Refining Co.*, 294 Fed. 597.

It is respectfully urged that the second paragraph of Rule 76 was intended to provide for exactly such a situation as the Circuit Court of Appeals considered was before it in this case, and that it should have directed correction of the record by supplemental transcript, instead of totally disregarding the certificate of the District Judge, and affirming the judgment because, as it held, the evidence was not properly before it.

POINT III.

Section 269 of the Judicial Code as amended by Act of Feb. 26, 1919, 40 Stat. 1181 (now U. S. Code, Sec. 391), requires the Circuit Court of Appeals to give judgment after an examination of the entire record before the court without regard to technical errors, defects or exceptions which do not affect the substantial rights of the parties, and this should have been done.

By Act approved February 26, 1919, 40 Stat. 1181, the Congress added the following sentence to Sec. 269 of the Judicial code (now U. S. Code, Sec. 391):

> "On the hearing of any appeal, certiorari, writ of error, or motion for a new trial, in any case, civil or criminal, the court shall give judgment after an examination of the entire record before the court, without regard to technical errors, defects, or exceptions which do not affect the substantial rights of the parties."

This was new legislation, and if any existing rules were found to be in conflict with it, they must necessarily give way.

It is contended by petitioner that the action of the Circuit Court of Appeals in this case was a violation not only of the spirit, but of the letter, of this enactment.

The Circuit Court of Appeals declined to consider petitioner's appeal on the merits because it considered that the evidence was not presented to it in proper form. This, it is submitted, was at most a mere technical defect and one "not affecting the substantial rights of the parties", since the latter necessarily depended upon the consideration and decision of the assignments of error. The statutory provision quoted is mandatory and the Appellate Court cannot disregard it. Its affirmance of the decree, therefore, upon the grounds assigned by it, was a denial of the substantial right of petitioner to have its appeal considered upon the merits without regard to technical defects or errors, and was in violation of the statute.

It was the plain duty of the Court under the Statute either to disregard this alleged defect, or to exercise its power to have it corrected by the District Court. The Court admits its refusal to consider the evidence, although no question raised by the errors assigned could be determined without such consideration (R. 75). The *substantial* rights of the parties necessarily depended upon the consideration and decision of the assignments of error. The provision of the amendment that appeals shall be considered without regard to technical defects is as imperative as legislation can be—the court has no discretion whatever in the matter. The affirmance of

the decree upon the purely technical ground that a rule of procedure had not been complied with, especially when compliance might so readily have been obtained, was a denial of a substantial right of petitioner's, a palpable violation of the legislative intent, and reversible error.

POINT IV.

The District Court in this case ordered that "all the testimony in this cause be reproduced in the exact words of the witnesses and not in narrative form" (R. 49) and the transcript of the record was made up in conformity with this order of the court. If this order was error, it was at most reversible and not irremediable error; and the Circuit Court of Appeals should have granted petitioner's motion for leave to procure from the District Court a record complying with its orders or requirements.

As we have endeavored to show under the preceding points, Equity Rule 75 places upon the *District* Court or Judge the full responsibility of deciding what the statement of evidence to be incorporated in the record on appeal shall contain. The last sentence of subdivision (b) of the Rule directs that when such statement has been approved by the District Court or Judge "it shall be filed in the Clerk's office and *become a part of the record for the purposes of the appeal.*" (Italics ours). When the District Court or Judge has certified a statement of evidence as "true, complete and properly prepared," and such statement has been filed in the Clerk's office as prescribed, the Circuit Court of Appeals can not take the position that no evidence is before it. In no case so circumstanced has this Court, or any Circuit Court of Appeals, ever disregarded the Record before it either in

whole or in part. If the Appellate Court be of opinion that the evidence in a given Record is too much or too little condensed, it doubtless has the power to direct the District Court as to how it desires the Record to be made up, such procedure being analogous to the ordering of a new trial because of any erroneous and prejudicial ruling made by the trial Judge; but the Appellate Court should not and cannot treat the certificate of the District Court or Judge as a nullity and refuse to consider the Appeal on the merits as though no evidence were presented by the Record. If it can, and should, by remittitur correct erroneous rulings of the District Judge when they relate to the merits of the case, how much more should this be done where the erroneous ruling relates only to matter of form? If the error in matter of form can be overlooked, such course should be taken. If it cannot be overlooked it should be corrected.

There is nothing in the language of the last paragraph of Section 863, Title 28, of the United States Code which limits the discretion of the District Judge in sending up "other evidence," and there is nothing in the language of Rule 75 to guide the District Judge in the exercise of his discretion as to how much or how little of the testimony may be included in question and answer form. That cases may arise where it is desirable that the entire record be so reproduced, has been recognized by this Court in *United States* v. *U. S. Steel Corporation*, 240 U. S. 442, and in *United States* v. *Motion Picture Patents Co.* (original No. 24, Oct. Term 1915) in both of which cases this court received with approval a record containing the whole testimony in its original shape.

The Court below, having tried the case, is best qualified to know what should be sent up. Upon this the decision of the District Judge should be final, or at least only reversible, and not fatal error.

The Circuit Court of Appeals also erred in penalizing petitioner for its alleged failure to comply with Rule 75 by affirmance of the decree upon that ground alone, when this Court

has itself in Rule 76 provided the penalty for non-compliance with Rule 75. The provision of Rule 76 referred to is that for any infraction of that or any *kindred rule* costs may be imposed upon offending solicitors as well as parties, as follows:

"76.

"RECORD ON APPEAL—REDUCTION AND PREPARATION—COSTS—CORRECTION OF OMISSIONS.

"In preparing the transcript on an appeal, especial care shall be taken to avoid the inclusion of more than one copy of the same paper and to exclude the formal and immaterial parts of all exhibits, documents and other papers included therein; and for any infraction of this or any kindred rule the appellate court may withhold or impose costs as the circumstances of the case and the discouragement of like infractions in the future may require. Costs for such an infraction may be imposed upon offending solicitors as well as parties.

"If in the transcript, anything material to either party be omitted by accident or error, the appellate court on a proper suggestion or its own motion, may direct that the omission be corrected by a supplemental transcript."

It says nothing about affirmance of judgments, dismissal of appeal, or any other such drastic punishment. None of the Equity Rules are more kindred one to another than Nos. 75 and 76.

> *In Re General Equity Rule 75*, 222 Fed. 884, 886; dissenting opinion of Alschuler, J., in *R. W. Clark Manufacturing Co. v. Tablet and Ticket Co.*, Exhibit B, page 35 *infra*.

If (as petitioner does not admit) Rule 75 is applicable to the certificate of evidence presented to the Circuit Court of Appeals in petitioner's cause, it necessarily follows that Rule 76 is also applicable. Either the record on appeal contained a proper certificate of evidence or it did not. If it did, the

Circuit Court of Appeals should have determined the appeal upon the merits. If it did not, there was clearly an "omission" within the purview of Rule 76, and the appellant should have been afforded an opportunity to correct the same by a supplemental transcript.

This Court having prescribed the penalty for violation of its own Rule, the Circuit Court of Appeals had no power to impose a different penalty, especially one of so much greater severity.

While this Court has suggested that it might dismiss an appeal for infraction of Rules 75 and 76 (*Newton* v. *Consolidated Gas Co.*, 258 U. S. 165, 173, which was a direct appeal from the District Court to this Court), no decision has been found where it has even intimated that such destructive power can be exercised by the lower courts.

That the imposition of costs under Rule 76 is the appropriate, if not the only, penalty for infraction of Rule 75 is indicated in the following decisons:

Coxe v. *Peck-Williamson Heating & Ventilating Co.*, 208 Fed. 409;
Garland v. *Quinn*, 242 Fed. 267.

And see dissenting opinion of Alschuler, J., in *R. W. Clark Mfg. Co.* v. *Tablet & Ticket Co.*, Appendix B hereto, page 35 *infra*.

POINT V.

The Circuit Court of Appeals should at least have passed upon the issue of plaintiff's title upon which the whole case depended and as to which the evidence was wholly documentary and incapable of being reduced to narrative form.

The issue of title in the patents sued upon was vital to the determination of the controversy. All the evidence upon this issue was in the record, and entirely in documen-

tary form. This fact was completely overlooked or ignored by the Court below when it took the position that *no* evidence was properly before it.

At the trial, Plaintiff (Respondent here) offered in evidence certain documents purporting to show that it had title to the patents in suit. Objection was made that these documents did not show title. No oral testimony was offered upon this issue. The question of the sufficiency of the documentary title thus produced was argued both before the District Judge and before the Circuit Court of Appeals. The question is fundamental and goes to the Plaintiff's whole case. To the evidence upon this issue Equity Rule 75, requiring that the testimony of witnesses shall be stated only in narrative form, did not, and could not, apply.

The Circuit Court of Appeals in affirming the Decree of the District Court without examination of the evidence, appears to have overlooked the fact that upon this underlying issue their objection to the preparation of the transcript was not applicable. That objection and ruling was, that the District Judge had no power to direct all of the testimony to be reproduced in the exact words of the witnesses. But upon this point *there was no testimony*, and the Record (that is, the documents offered by the Respondent to support its title) was properly before the Court and the Court should have decided whether they showed title in the Plaintiff.

Although this state of affairs was pointed out to the Court of Appeals in Clause 6 of the Petition for Rehearing (R., 95) the ruling of the Court of Appeals was not changed, so that a decree of the District Court is thus affirmed by which nearly One Million Dollars is directed to be paid by the Defendant to the Plaintiff, by reason of its alleged ownership of two patents, although the sufficiency of the Plaintiff's title to these patents, as shown in the Record, is seriously in question and has been argued at length before the Circuit Court of Appeals, but has not been passed upon by that Court upon the sole ground that the testimony of certain witnesses

relating only to other issues, was not reduced to narrative form.

Merely to state this proposition is to show that the ruling of the Circuit Court of Appeals for the Seventh Circuit is untenable and has resulted in injustice to this Petitioner.

POINT VI.

Assuming that the Circuit Court of Appeals was correct in its interpretation of Equity Rule 75 and that it was within the power of said Court to refuse to consider the merits of the Appeal because of a failure to comply with the Rule as so interpreted; nevertheless, in view of all of the surrounding circumstances, the said Circuit Court of Appeals failed in this case to exercise a sound discretion in refusing to afford Petitioner the opportunity to comply with Equity Rule 75, for which Petitioner asked, as soon as the interpretation placed upon it by the Circuit Court of Appeals was made clear.

The failure in Petitioner's case to exercise the sound discretion referred to subjects it to peculiar hardship:

(1) The Circuit Court of Appeals for the Seventh Circuit has without warning reversed its practice of many years' standing which petitioner followed in good faith, and on the best advice it could obtain, and, in so doing, penalized this petitioner by the affirmance of a judgment against it for nearly $1,000,000 without giving it an opportunity to comply with the requirements of said Court as enounced for the first time in petitioner's case.

(2) The said Court in a number of other cases, having rendered decisions based upon that in petitioner's case, has in all of those cases, where application therefor

was made, by appropriate orders afforded opportunity to the appellants to conform to its new ruling. In petitioner's case alone has such opportunity been denied.

To appreciate the hardship of this ruling consideration must be given to

(a) *The practice in the Seventh Circuit prior to the decision in this case;*

(b) *The history of this particular record.*

(a) *The practice in the Seventh Circuit prior to the decision in this case:*

The usual and well recognized practice in the Seventh Circuit, up to the time of the decision in this case, had been to consider appeals, especially in patent causes, upon records containing uncondensed transcripts of the evidence, the District Judge usually so directing.

A search of the records of the Circuit Court of Appeals for the Seventh Circuit for over five years immediately preceding the filing of the petition for rehearing discloses over one hundred cases in which certified transcripts of all, or substantially all the evidence, in question and answer form, were brought before that Court and considered without objection by it. These cases are listed in the record at pages 101 to 110. They evidence a practice consistently adhered to for many years past. In several of them the judges who entered orders expressly directing that all of the testimony be reproduced in the exact words of the witnesses were of those who in the instant case have denied the power of the court to make such an order. We instance the following:

Bestwall Manufacturing Co. v. *U. S. Gypsum Co.*, No. 3693, November 4, 1925 (Judges Alschuler, Evans and Anderson);

Wirebounds Co. v. *Gibbons*, No. 3650, December 11, 1925 (Judge Evans);
Fairbanks, Morse & Co. v. *American Valve & Meter Co.*, No. 3776, May 17, 1926 (Judge Evans).
(Record, pp. 92-3, 109.)

The opinion here under review was announced December 13, 1926. Following it a number of other appeals were similarly dismissed. One of these was *R. W. Clark Manufacturing Co.* vs. *Tablet & Ticket Company*, in which Judge Alschuler (who did not sit in the instant case) took part and handed down a dissenting opinion in which he stated with great emphasis that the previous practice in the Seventh Circuit had been to consider appeals and dispose of them on the merits upon transcripts in which, by order of the District Judge, the testimony was sent up without condensation (*infra*, p. 35).

This opinion and the conflict of view within the Court were the subject of wide discussion among the Patent Bar (as has already been brought to the attention of this Court).

In the *Clark* case a petition for rehearing was granted and the opinions referred to above are not reported. But, in another case (*Fairbanks, Morse & Co.* v. *American Valve & Meter Co.*, 18 Fed. (2nd), p. 716), the same conflict of opinion occurred and Judge Alschuler's dissent refers to his opinion in the *Clark* case as the full statement of his reasons for dissent (p. 718). We must, therefore, look to that opinion and as it has not been published, we print it as Appendix B to this Brief, and the majority opinion in the *Clark* case as Appendix A.

In his opinion Judge Alschuler states, referring to the dismissal of an appeal for infraction of Rule 75 as to condensation of the Record, that "this court's long acquiescence in the practice here followed makes it highly inequitable here to impose the *capital penalty* of affirmance without first affording opportunity to comply with the rule, *in whose long*

non-observance this court has, at least, impliedly, seemed to invite litigants to continue." (Italics petitioner's.)

Judge Alschuler's long experience of the practice of the Court over which he presides gives this statement as to the facts peculiar force, and neither the other Judges of his Court nor anyone else has denied the facts thus stated by him. They are confirmed by affidavits in this Record (R. 111-118), but in view of the statement of the President Judge of the Court, confirmation is scarcely called for.

Judge Alschuler's opinion (except for a slight inadvertence presently to be noticed) is a convincing and complete refutation of the reflections upon Petitioner's course of action made in the opinion in Petitioner's case. That learned Judge unwittingly fell into error in asserting that counsel for the appellee in this case (in which he did not sit) "insistently moved and urged dismissal of the appeal because of non-compliance with the rule."

As we expect to show, petitioner's counsel had every reason to believe that they were following the approved practice in the Seventh Circuit, and nothing was said or done to indicate the contrary to them until the Court announced its decision. We further submit that the history of this record which follows shows that the distinction drawn by Judge Alschuler between the *Clark* case and this; viz., that there was a stipulation in the *Clark* case and none in this, is immaterial.

It will be noted that neither the opinion in petitioner's case, nor the prevailing opinion in the *Clark* case, denies or attempts to controvert Judge Alschuler's statement of what the practice in the Seventh Circuit had always been.

It is true, as stated by Judge Page in his opinion in the present case, that since the promulgation of Equity Rule 75 "the Supreme Court and many courts of appeal have pointed out the purpose of the Rule and the necessity of observing it". But all of the decisions cited were in other circuits. In circuits where the Courts of Appeals have plainly announced their interpretation and application of the Rule (such as the

Sixth Circuit *In Re General Equity Rule* 75, 222 Fed. 884, and the Fifth Circuit in *Buckeye Cotton Oil Company* v. *Raglasd*, 11 Fed. (2d) 231), counsel have been zealous, as soon as the Courts' views were so made known, to conform to the Rule as thereby interpreted. The complaint of this petitioner is not merely that the Circuit Court of Appeals for the Seventh Circuit has adopted an erroneous construction of the Rule (although it so contends) but that, after fourteen years of acquiescence in one construction, to which petitioner studiously endeavored to conform, it has over night adopted the directly opposite construction, and enforced the latter against petitioner alone of all the appellants before it, by refusing to grant petitioner an opportunity to comply with the new revelation which has thus suddenly been vouchsafed it.

(b) *The history of this particular record:*

The record further establishes that petitioner's counsel, far from having any disposition to violate a rule of this Court or of the Circuit Court of Appeals, have taken throughout the utmost pains to present their record in the form which they believed would be most acceptable to the latter Court.

The affidavit of Henry N. Paul, one of petitioner's counsel (R., 111-115) shows in detail the history of this record. He shows that this very point, as to whether the testimony should be certified in question and answer form, was the subject of most careful consideration, and that he relied upon the advice of his senior local counsel, Mr. Edward Rector of Chicago (now deceased), who advised that in cases of this character in the Seventh Circuit it was preferable and usual to have the entire testimony so certified (R. 111, 117).

Following this advice a *praecipe* was filed with the Clerk of the District Court and served upon the attorneys for the appellee on April 24, 1925, directing the certification of the entire oral testimony in question and answer form (R. 42).

No objection was ever made by appellee to this praecipe, **nor did it ever file or serve any counter *praecipe*.**

On November 9, 1925, appellant moved the Circuit Court of Appeals to separate and divide the argument. Appellee opposed this motion upon a number of grounds, one of which was that the transcript of the record was not stated in simple and condensed form (R. 56). Appellant's motion was denied, but not upon the ground last mentioned, which was not referred to by the Court (R. 57-8).

Thereupon appellee moved to strike from the transcript of the record all the evidence taken on the trial upon certain issues, one of the grounds being that the record lacked a proper certificate by the lower court. *But no point respecting the condensation of the record* was made upon this motion (R. 52-54).

This motion to strike having been held in abeyance by the Court, petitioner on January 4, 1926, moved the Circuit Court of Appeals for an order remitting the certified transcript of record to the District Court for the purpose of obtaining a certificate of evidence (R. 58). This motion was fully argued. The printed transcripts were before the Court. *No suggestion or hint was given by the Court to counsel that if the record were sent back the Court would prefer to have the testimony of the witnesses stated in narrative form.*

The Circuit Court of Appeals having ordered the transcript remitted to the District Court in order that a certificate of evidence to the trial record might be applied for and the record otherwise amended in certain minor points (R. 64) counsel for both sides appeared before the District Court, the hearing resulting in the order of March 30, 1926 (R. 48). *No objection whatever was made on the said hearing by appellee to the provision of the order directing the reproduction of the full testimony.*

It is therefore submitted that respondent must be considered as having waived whatever objection it might have had to the reproduction of the full testimony as fully and con-

clusively as if it had expressly stipulated to that effect. Its whole attitude amply justified petitioner's belief that the transcript of evidence was in form satisfactory to Respondent as well as to the Court.

Had Judge Alschuler sat at the argument of this case it is believed he would not have made the mistaken statement in his dissenting opinion in the *Clark* case (*infra*, p. 35) to the effect that the present case is to be distinguished from others by reason of the appellees' insistent objection to the uncondensed record.

Judge Page begins his opinion in this case with a somewhat lengthy statement of the dates of the various proceedings in this suit, from that of the interlocutory decree to that of the filing of the certificate to the record (R. 68-9). This recital seemingly calls for some notice, as it can have no purpose unless to emphasize the considerable lapse of time between the two dates specified. Therefore, although at the risk of exposing petitioner to the stigma of the proverb "*qui s'excuse s'accuse*," the following explanation is submitted of how the intervening time was spent, which it is believed will show the Court that the delay was not of petitioner's seeking and was absolutely unavoidable on its part.

On account of the expiration of the patents in suit before the trial, no appeal was possible until the accounting was concluded so that the appeal brought up the whole case on the merits, as well as the accounting proceedings.

The case was one of great complexity, especially the proceedings before the Master, which lasted for nearly four years, of which less than seven months was occupied by Petitioner's defense.

The Master certified that no time was lost in completing the accounting. After the case was argued before the District Court on exceptions, it was held by the District Judge under advisement from May 22, 1921, until March 3, 1924. After the appeal was taken, the record was printed under orders of the District Judge, and, under the Rules of that

Court, with such rapidity as was possible. It would have taken much less time to have printed all of the voluminous documentary exhibits. These exhibits were, however, greatly condensed and this occasioned some delay (R. 99, 113-115).

After the record had been filed in the Court of Appeals and set for argument, the Respondent made (R. 52-54) a purely technical objection based upon the omission of the Judge's signature in the certification of the record, necessitating the remitting of the whole record to the District Court for re-certification, thus delaying the argument for nearly a year.

It is with bad grace that Respondent complains of delay.

The appeal was fully argued on October 6, 1926, on the merits, and the Court at that time gave no intimation that it might decline to consider the evidence on account of the manner in which it was presented. Nor did the appellee, respondent here, make any motion at that time to dismiss the appeal because of failure of appellant to comply with Equity Rule 75.

Upon the argument appellee's counsel moved to dismiss the appeal upon five new technical grounds (R., 65), but none of these suggested any defect in the record by reason of its non-condensed form, nor was any reference made therein to Equity Rule 75. On the contrary the objections were chiefly to the effect that petitioner had too greatly condensed the proofs.

The decision, therefore, was as surprising to petitioner's counsel as it was embarrassing to them and their client.

In the prevailing opinion in *R. W. Clark Manufacturing Co.* v. *Tablet & Ticket Co.* (Appendix A), Judge Evans states that "For fourteen years the courts have appealed to the bar to comply with the rule" (Equity Rule 75), and that "they have scolded and they have threatened." The most diligent search has failed to disclose any reported case in which the Circuit Court of Appeals for the Seventh Circuit have made any such appeal, or have done any such threatening or scolding. They certainly did not threaten or scold coun-

sel in this case in this respect, either on the argument on the merits or at any other time prior to the rendering of the opinion. Nor have counsel been able to learn of any instance in which such language as the learned judge describes has been employed by that Court. The statements quoted are in direct conflict with Judge Alschuler's experience on that bench as stated by him in his dissenting opinion. As he says "this court has, at least impliedly, seemed to invite litigants to continue", the practice which it now condemns (Appendix B, p. 37). And, as shown above, Judge Evans had himself within a little over a year made or concurred in making at least three orders providing that the transcript of the record shall contain all of the testimony, reproduced in the exact words of the witnesses (*supra*, pp. 21-2).

In *Newton* v. *Consolidated Gas Co.*, 258 U. S. 165, 173, Mr. Justice McReynolds suggests that one of the purposes of Equity Rules 75 and 76 was to protect litigants from unnecessary costs and delay. Judge Page uses language to the same effect in his opinion in the *Clark* case (Appendix A). With all respect, it is unhesitatingly averred that it is a matter of general experience that the time and labor necessary to reduce the testimony to narrative form impose upon a litigant far greater expense, as well as delay, than the printing of the testimony as it was given. But it is humbly submitted that the solicitude expressed is of doubtful value to the litigant when, having already incurred the expense of printing the full record, he is denied a hearing upon the merits of his appeal merely because he has assumed the expense and incurred the possible delay in question.

No decision, reported or unreported, of any Circuit Court of Appeals has been found prior to that in the case at bar, by which—as Judge Alschuler aptly calls it—"the capital penalty" of affirmance has been enforced for appellant's failure to comply with Rule 75. In a number of cases (in some of the other circuits) the Courts have perhaps "scolded", and sometimes even "threatened", but it is not found that the

"capital penalty" has ever previously been exacted by any Circuit Court of Appeals, without at least giving the offender his *locus penitentiae*. In most of these cases, after the "scolding", the Court has received and considered the record as presented.

United States v. *Motion Picture Patents Co.*, (D. C., E. Div. Penna., 1916) 230 Fed. 541, 542;

Carson v. *Hurt*, (C. C. A. 5th Cir. 1918) 250 Fed. 30;

Roxana Petroleum Co. v. *Rush*, (C. C. A. 5th Circ. 1924) 295 Fed. 844;

Buckeye Cotton Oil Co. v. *Ragland*, (C. C. A. 5th Circ. 1926), 11 Fed. (2nd) 231;

In re General Equity Rule 75, (C. C. A. 6th Circ. 1914) 222 Fed. 884;

L. A. Westerman Co. v. *Dispatch Printing Co.*, (C. C. A. 6th Circ. 1916) 233 Fed. 609;

Firestone Tire & Rubber Co. v. *Scherling*, (C. C. A. 6th Circ. 1916) 235 Fed. 891;

Garland v. *Quinn*, (C. C. A. 6th Circ. 1917) 242 Fed. 267;

Goodwin v. *United States*, (C. C. A. 6th Circ. 1924), 295 Fed. 856;

Brictson Mfg. Co. v. *Close*, (C. C. A. 8th Circ. 1922) 280 Fed. 297;

Wong Keow v. *United States*, (C. C. A. 7th Circ. 1914) 215 Fed. 95.

In other words, they have either, after the admonition, taken the record as it was and used it in considering the cause on the merits, or afforded the appellant full opportunity to conform it to what they considered the proper interpretation of the rule.

In such reported cases in which Equity Rule 75 (b) has been discussed as have resulted in affirmance of the judgment, there has invariably been found in the record some

defect other than non-condensation of the record upon which to base such affirmance.

> *Buessel* v. *United States* (C. C. A. 2nd Cir. 1919) 258 Fed. 811, 822;
> *Coxe* v. *Peck-Williamson Heating and Ventilating Co.* (C. C. A. 5th Cir. 1913) 208 Fed. 409;
> *Wade* v. *Leach* (C. C. A. 5th Cir. 1924) 2 Fed. (2nd) 367.

In the instant case, viewed in the light most unfavorable either to the petitioner or its counsel, there has at most been a mere error of judgment into which the District Judge also fell. Petitioner's counsel have throughout, in absolute good faith, earnestly endeavored to present to the appellate court a record in the form that they believed would be most acceptable to it, and which would enable its members most readily to assimilate its contents.

Reference is again made to Judge Page's assertion in the *Clark* case that "For fourteen years the courts have appealed to the bar to comply with this rule." Evidently, then, the purpose and effect of infliction of the "capital penalty" upon this petitioner alone is, in major part at least, to compel it to make a vicarious atonement for the faults of others. We believe that this Court will agree with us that the ends of justice do not require the affirmance without review upon the merits of a judgment carrying a liability of nearly a million dollars upon any such consideration. Such a penalty would be far too severe upon the litigant even if its counsel had intentionally disobeyed the rule.

Within a few days after its decision in petitioner's case, the Circuit Court of Appeals handed down decisions affirming the decrees in a number of other cases for noncompliance with Rule 75, basing its action in each case upon its decision in petitioner's case. As petitioner has heretofore shown this Court (Petition in Mandamus Application, p. 14, Exhibit E, pp. 46-8) in every one of these cases in which an

application has been made by the appellant, leave has since been granted to take appropriate proceedings for the purpose of making the record conform to the Circuit Court of Appeals' interpretation of the rule. In petitioner's case alone has such opportunity been absolutely and finally denied so far as that Court is concerned.

No reason whatever appears for the selection of this petitioner as the solitary victim upon whose head the alleged iniquities and transgressions of the entire bar of the Seventh Circuit are to be imposed.

In the majority opinion in the *Clark* case (Exhibit A, p. 34) Judge Evans says:

> "obviously it [Rule 75] cannot be enforced in one case and ignored in another."

It is difficult to see how this unimpeachable principle can be reconciled with his vote refusing to accord petitioner an opportunity to perfect its record, and his votes granting such permission in other cases originally decided upon the precedent laid down in this.

CONCLUSION.

To sum up, it is Petitioner's contention that even if the Circuit Court of Appeals had power to dismiss the appeal, or to affirm the decree against petitioner, upon the grounds stated in its opinion, it erred grievously in the exercise of its discretion in so doing without affording petitioner an opportunity to correct the unintentional failure of its counsel to comply with Equity Rule 75 as now sought to be interpreted and administered by it.

To cite Judge Alschuler again (Exhibit B, p. 36) we "have yet to find the first instance where a federal court of appellate jurisdiction has affirmed a decree in equity or dismissed the appeal for failure to make and to have certified a condensed statement of the evidence."

Judicial discretion, where it exists, is not an arbitrary and despotic power, to be exercised at the pleasure of the Court. "Discretion" means a sound and just discretion.

> *Ex parte Secombe*, 19 How. 9, 13;
> *Ex parte Bradley*, 7 Wall. 364, 377;
> *Farmers' Loan & Trust Co., Petitioner*, 129 U. S. 206, 213.

Finally, we quote once more from Judge Alschuler in the *Clark* case:

> **"I believe that in this case such opportunity could and should have been given, and that affirmance on the court's own motion, without reasonable opportunity for compliance, *is an unreasonable* exercise of the court's discretion." (Italics Petitioner's).**

It is thus that the senior judge of a court of high dignity characterizes the action of his associates in a cause precisely similar to petitioner's, which action has compelled it to apply to this overburdened Court for relief.

Respectfully submitted,

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